

## Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS

AMEMBASSY SOFIA

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PARIS PASS SONNENFELDT AND HARTMAN

FOL REPEAT OF STATE 35899 TO BELGRADE BUCHAREST BUDAPEST LONDON  
MOSCOW PRAGUE WARSAW FEB 17

QTE:

UNCLAS STATE 035899

LONDON PASS SONNENFELDT AND HARTMAN

E.O. 11652: N/A

TAGS: PFOR, ETRD, RO

SUBJECT: NY TIMES ARTICLE ON US-ROMANIAN TRADE AGREEMENT

FOLLOWING IS TEXT OF ARTICLE BY DAVID BINDER IN SUNDAY NY  
TIMES FEBRUARY 16 ENTITLED "RUMANIAN ACCORD ON TRADE  
LIKELY" DATELINED WASHINGTON FEB. 15:

QUOTE: THE UNITED STATES AND RUMANIA ARE EXPECTED TO  
COMPLETE SOON A TRADE AGREEMENT, ACCOMPANIED BY RUMANIAN  
ASSURANCES THAT RESTRICTIONS ON EMIGRATION WILL BE EASED,  
ACCORDING TO KNOWLEDGEABLE ADMINISTRATION OFFICIALS.

THE ASSURANCES, WHICH ARE REQUIRED BY THE JACKSON-VANIK  
AMENDMENT TO THE 1974 TRADE REFORM ACT, ARE BEING  
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NEGOTIATED AT THE HIGHEST LEVEL, ACCORDING TO DIPLOMATIC

OFFICIALS.

THE TRADE ACT EMPOWERED THE PRESIDENT TO EXTEND REDUCED IMPORT TARIFFS, OR MOST-FAVORED-NATION TREATMENT, AND EXPORT CREDITS TO COMMUNIST COUNTRIES IF THEY GAVE ASSURANCES THAT RESTRICTIONS ON EMIGRATION WERE BEING EASED.

THE EASING OF EMIGRATION RESTRICTIONS WOULD ENABLE RUMANIAN CITIZENS OF VARIOUS ETHNIC CATEGORIES, INCLUDING GERMANS AND HUNGARIANS, TO LEAVE THE COUNTRY TO JOIN

RELATIVES IN THE WEST, INCLUDING THE UNITED STATES.

EAST EUROPEAN OFFICIALS SAID THE RUMANIAN MOVE WAS CERTAIN TO CAUSE FRICTION WITH THE SOVIET UNION, WHICH HAS REJECTED THE IDEA OF GIVING EMIGRATION ASSURANCES IN CONNECTION WITH AMERICAN TRADE.

RUMANIAN TRADE WITH THE UNITED STATES AMOUNTED TO DOLLARS 400 MILLION LAST YEAR AND IS EXPECTED TO RISE AS A RESULT OF TARIFF BENEFITS IT WILL RECEIVE FROM THE TRADE LAW.

THE AGREEMENT WITH RUMANIA WILL BE THE ONLY MAJOR IMPROVEMENT IN RELATIONS WITH AN EAST EUROPEAN COUNTRY CONTEMPLATED BY THE FORD ADMINISTRATION THIS YEAR, THE OFFICIALS SAID.

SIMILAR AGREEMENTS HAD BEEN INITIALLY FORESEEN WITH HUNGARY, CZECHOSLOVAKIA AND BULGARIA.

THE STATE DEPARTMENT ASSUMED LAST AUTUMN THAT SINCE THE SOVIET UNION HAD AGREED TO PROVIDE ASSURANCES ON EMIGRATION, THESE THREE SOVIET ALLIES WOULD FOLLOW SUIT. THIS CONCEPT WAS SHATTERED WHEN MOSCOW DECLARED LAST MONTH THAT IT COULD NOT ACCEPT THE UNITED STATES DEMAND ON EMIGRATION.

UNTIL THEN, HUNGARY, CZECHOSLOVAKIA AND BULGARIA HAD INDICATED INTEREST IN OBTAINING TRADE BENEFITS UNDER UNCLASSIFIED

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THE NEW LAW. BULGARIA EVEN DISPATCHED A DELEGATION TO EXPLORE PROSPECTS FOR INCREASING INDUSTRIAL EXCHANGES. BULGARIAS TRADE WITH THE UNITED STATES WAS ONLY DOLLARS TEN MILLION LAST YEAR.

THE SITUATION HAS LEFT UNITED STATES POLICY IN EASTERN EUROPE "IN A BLOODY MESS" ONE OFFICIAL SAID.

IT IS ALSO CAUSING A PECULIAR DIFFERENTIATION IN POLICY, THE OFFICIAL POINTED OUT, SINCE THE UNITED STATES ALREADY GRANTS FAVORABLE IMPORT TARIFFS TO GOODS FROM YUGOSLAVIA AND POLAND.

AMERICAN TRADE WITH POLAND IS EXPECTED TO REACH DOLLARS 750 MILLION THIS YEAR. YUGOSLAV TRADE WITH THE UNITED STATES WAS DOLLARS 675 MILLION LAST YEAR.

IN ADDITION, SEVERAL INDUSTRIAL COOPERATION DEALS ARE IN THE MAKING. UNITED STATES STEEL HAS A DOLLARS 50 MILLION ARRANGEMENT TO BUILD STEEL FACILITIES IN

YUGOSLAVIA, AND THE DOW CHEMICAL CONCERN YESTERDAY SIGNED A DOLLARS 600 MILLION ARRANGEMENT WITH A CONSORTIUM OF YUGOSLAV ENTERPRISES FOR A PETROCHEMICAL COMPLEX.

IN CONTRAST, UNITED STATES TRADE WITH CZECHOSLOVAKIA, WHICH HAS A LARGER INDUSTRIAL ECONOMY THAN YUGOSLAVIA, AMOUNTED TO ONLY DOLLARS 25 MILLION LAST YEAR.

POSSIBILITIES OF A TRADE ACCORD WITH CZECHOSLOVAKIA WERE FURTHER COMPLICATED BY AN AMENDMENT ATTACHED TO THE TRADE LAW BY SENATOR MIKE GRAVEL, THE ALASKA DEMOCRAT, WHICH WOULD HAVE REQUIRED THE PRAGUE GOVERNMENT TO PAY DOLLARS 64 MILLION WORTH OF CLAIMS BY AMERICANS WHOSE PROPERTY WAS CONFISCATED AFTER WORLD WAR II.

UNTIL PRAGUE PAYS THE CLAIM, THE AMENDMENT SAYS, CZECHOSLOVAKIA MAY NOT GET BACK DOLLARS 130 MILLION IN GOLD SEIZED BY THE NAZIS DURING THE WAR AND NOW HELD IN ESCROW BY THE UNITED STATES. CZECHOSLOVAKIA OFFERED

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LAST YEAR TO Y DOLLARS 20.5 MILLION OF THE CLAIMS, A PERCENTAGE CONFORMING WITH MOST CLAIMS SETTLEMENTS REACHED BY OTHER COUNTRIES.

THE PRAGUE GOVERNMENT HAS SAID IT WOULD NOT PAY MORE ON THE CLAIMS TO GET BACK THE STOLEN GOLD, AND SENATOR GRAVEL HAS SAID HE WOULD NOT BACK DOWN FROM THE PRINCIPLE OF FULL COMPENSATION. END QUOTE INGERSOLL UNQTE MAW

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